

**Richard H. Walker**  
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January 29, 2008

Mr. Gary C. Dunton  
Chief Executive Officer and President  
MBIA Inc.  
113 King Street  
Armonk, NY 10504

Dear Gary:

I have concluded that I should resign from MBIA's Board. I do so with great regret and only after very careful consideration of the interests of both MBIA and Deutsche Bank.

When I joined MBIA's Board in 2006, existing business relationships between MBIA and Deutsche Bank provided no basis to believe that I would be unable to give both institutions my full attention and undivided loyalty. Given the events of the past week, however, I am now in a position where I can no longer be confident that continuing to act on behalf of both institutions will not lead to the possibility of an appearance that I may have reason to favor one over the other on a matter of great importance to both. In these circumstances, my ability to continue to act on behalf of either institution may be constrained. Given the importance of restoring credibility in the marketplace, I would not want my role to become a distraction to ongoing efforts to achieve this goal.

I am proud to have been associated with MBIA, and I would have liked to continue serving on MBIA's Board. I leave the Board with great affection for all my fellow directors and with appreciation for their wisdom and dedication. I would also be remiss if I did not applaud the exceptional MBIA staff. I am confident that this top-flight staff, with the Board's support, will guide MBIA to future successes.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard H. Walker", written over a horizontal line.

Richard H. Walker

cc: Members of the Board of Directors

**CONFIDENTIAL DRAFT**  
(as of January 30, 2009)  
**SUBJECT TO REVIEW BY THE NOMINEE**

Senate Finance Committee Statement  
Concerning the  
Nomination of Thomas A. Daschle

Thomas A. Daschle recently filed amended tax returns for 2005, 2006 and 2007 reporting \$128,203 in additional tax and \$11,964 in interest. The adjustments resulted from additional income for consulting services and the use of a car service, and reductions in charitable contribution deductions. Senator Daschle filed the amended returns voluntarily after Barack Obama announced his intention to nominate the senator to be the Secretary of Health and Human Services. The Presidential Transition Team identified the charitable contribution issue and Senator Daschle self-identified the income adjustments.

Senator Daschle paid his long-time personal accountant to prepare his original and amended tax returns for years 2005, 2006 and 2007. All returns were filed jointly with his spouse. The 2006 tax return was examined by the Internal Revenue Service. Senator Daschle was represented during the IRS examination by his accountant. The senator did not have any personal contact with the IRS examiner. The IRS did not propose any adjustments to Senator Daschle's tax return and accepted it as filed.

**Tax Adjustments**

*Background*

On January 2, 2009, Thomas A. Daschle filed amended tax returns for 2005, 2006 and 2007 to report the following adjustments:

- ∞ Unreported income from the use of a car service in the amounts of \$73,031, \$89,129 and \$93,096 in 2005, 2006 and 2007, respectively.
- ∞ Unreported consulting income of \$83,333 in 2007.
- ∞ Reductions to charitable contribution deductions of \$1,500, \$7,575 and \$5,888 in 2005, 2006 and 2007, respectively.

The car service and the consulting income were received in connection with Senator Daschle's business relationship with InterMedia Advisors. The table on the next page shows the additional income and reduced deductions, tax and interest the senator reported with each amended return.

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YEAR	ADDITIONAL INCOME AND REDUCED DEDUCTIONS	ADDITIONAL TAX	INTEREST	TOTAL ADDITIONAL TAX AND INTEREST
2005	\$ 74,531	\$ 26,853	\$ 5,237	\$ 32,090
2006	\$ 96,704	\$ 34,470	\$ 4,037	\$ 38,507
2007	\$ 182,317	\$ 66,880	\$ 2,690	\$ 69,570
TOTAL	\$ 353,552	\$ 128,203	\$ 11,964	\$140,167

Finance Committee Staff reviewed Senator Daschle's original and amended returns for tax years 2005, 2006 and 2007. Staff requested information to substantiate several items on the returns and has completed the review of this data. Senator Daschle met personally with staff on January 26, 2009 and his accountant participated in the meeting via telephone. Telephone interviews were conducted with the InterMedia General Counsel and Accounts Payable clerk on January 29, 2009.

*Car Service Income*

Senator Daschle is a limited partner in InterMedia Partners of Englewood, CO and Chairman of its Executive Advisory Board. Senator Daschle also is an independent consultant to InterMedia Advisors, LLP of New York City. He entered into a business relationship with InterMedia in February, 2005. Beginning in April, 2005, the senator was provided the use of a car and driver by Mr. Leo Hindery, the Managing Partner of InterMedia. In addition to being business partners, Mr. Hindery and Senator Daschle have been personal friends for many years. Charges for the car and the services of the driver were billed to InterMedia. InterMedia did not issue Senator Daschle a Form 1099 for the value of the car service and Senator Daschle did not report the value of the car service as income on his original tax returns for 2005, 2006 and 2007.

Senator Daschle told staff that in June, 2008, something made him think that the car service might be taxable and he disclosed the arrangement to his accountant. Under Section 132 of the Internal Revenue Code, the value of transportation services provided for personal use must be included in income. Senator Daschle estimated that he used the car and driver 80% for personal use and 20% for business use. On January 2, 2009, Senator Daschle filed amended returns for 2005, 2006 and 2007 reporting the value of the car service as income. He did not pay self-employment tax on the personal value of the service. It was determined during the Committee review of Senator Daschle's returns that the personal value of the car service is subject to self-employment tax. The senator has acknowledged that the 2005, 2006 and 2007 tax returns will need to be adjusted to pay the applicable Medicare taxes of 2.9% of the personal value of the service.

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*Consulting Income*

Senator Daschle's consulting arrangement with InterMedia Advisors provided that the senator be paid \$83,333 per month (\$1,000,000 per year) for his services. Senator Daschle received a Form 1099 from InterMedia Advisors each year reporting income from consulting fees, bonuses and reimbursements. The 2007 Form 1099 did not include the May, 2007 payment for consulting fees in the amount of \$83,333. Senator Daschle's accountant told Committee staff that at the time he was preparing the senator's 2007 tax return he thought the Form 1099 might be understated. Staff reviewed e-mails between the accountant and Senator Daschle from March, 2008 discussing the amount reported on the Form 1099 and whether any payments were missing. Senator Daschle told the accountant that the January, 2007 check was received in December of 2006, and that was why the 2007 Form 1099 reported only 11 monthly payments. However, during the January 29, 2009 teleconference, InterMedia personnel told Committee staff they were unaware of any times when Senator Daschle was paid earlier than the first Friday of the month. The amount on the 2007 Form 1099 matched Senator Daschle's personal records of payments received from InterMedia Advisors in 2007. Neither included the missing payment. The accountant did not pursue the matter further and reported the 2007 1099 amount on the Daschles' 2007 Form 1040.

In December, 2008, the senator's accountant contacted InterMedia while compiling information for Senator Daschle's financial disclosure reports. InterMedia then discovered that the May, 2007 consulting fee payment had been omitted from the Form 1099 and notified the accountant. InterMedia personnel explained to Committee staff that the regular accounts payable (AP) clerk was on maternity leave when the May payment was due. The temporary AP clerk completed a wire-transfer for the payment to the senator instead of following the usual procedure of issuing a check on the first Friday of each month. The wire-transfer was not posted to the normal InterMedia account and therefore it was not included in the 2007 Form 1099 that was issued.

Senator Daschle reported the \$83,333 missed payment as income on the amended 2007 tax return. InterMedia Advisors filed a corrected Form 1099 on January 7, 2009.

*Charitable Contributions*

During the vetting process, the Presidential Transition Team identified certain donations that did not qualify as charitable deductions because they were not paid to qualifying organizations. Senator Daschle adjusted his contribution deductions on his amended returns for 2005, 2006 and 2007 to remove these amounts and add additional contributions

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**Outstanding Issues**

Committee staff still is reviewing whether travel and entertainment services provided to the Daschles by EduCap, Inc., Catherine B. Reynolds Foundation, Academy Achievement, and Loan to Learn should be reported as income.

In response to Committee staff inquiries, the senator provided additional documentation for the Daschles' charitable contributions for 2005, 2006, 2007. Staff notes that while copies of checks were provided, the proper donee acknowledgement for contributions over \$250 was not provided for many of the charitable contributions as required for deductibility. The returns were not amended for these amounts.

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Daiki Kajino/db/dbcom  
2007/05/09 19:19

To Tomohiko Kimura/Tokyo/DBJapan/DeuBa@DBAPAC

cc

bcc

Subject Fw: Staff - Privileged & Confidential

Kimura-san

As we discussed in this morning, I explained the current situation to Murakami-san in HR. After that, I arranged conference call with Sunil Madan and it is already fixed on tomorrow at 17:00 (Tokyo Time).

Murakami-san and I will have a conference call with him and ask him about our concerns. If you need to join it, please let me know.

As to investigation of Frank's e-mail for Pipeline issue, I will start it as soon as I obtain Mitch's approval.

Regards,

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----- Forwarded by Daiki Kajino/db/dbcom on 2007/05/09 19:13 -----

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Mark  
Grolman/Sydney/DBAustralia  
/DeuBa@DBAPAC  
2007/05/09 19:09

To "Dick Walker" <richard.h.walker@db.com>,  
janice.reznick@db.com, rachel.blanshard@db.com,  
jiana.leung@db.com, "Kiyoshi Murakami"  
<kiyoshi.murakami@db.com>, "Andrew Hume"  
<andrew.hume@db.com>, "Daiki Kajino" <daiki.kajino@db.com>,  
"Mr. Tomohiko (Tom) Kimura" <tomohiko.kimura@db.com>

cc

Subject Staff - Privileged & Confidential

PRIVILEGED & CONFIDENTIAL

Below are draft notes of the interview I had with Frank Forelle yesterday.

NEXT STEPS

I suggest for your consideration that the next steps should be:

- (a) we interview Sunil Madan. Tom Kimura has agreed to do that by telephone as soon as possible this week;
- (b) when Deepak Moorjani returns to Tokyo from the US next week, we press him again to produce all evidence he has of any alleged violations or wrongdoing. In the two weeks since he was interviewed he has not produced any evidence;
- (c) agree a letter to Mr Moorjani in response to his letter. I suggest that this letter be signed by David Hatt as President and CEO of DSI (the employer of Mr Moorjani). David Hatt has been briefed on this matter. I will draft the response letter for your review. Once agreed, that letter should be delivered to Mr Moorjani.

I also propose giving the draft notes of meeting to Frank Forelle to check for accuracy.